

**RESOLUTION NO. 74902**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ MAKING FINDINGS THAT USE OF LOW AND MODERATE-INCOME HOUSING FUNDS FOR HOUSING REHABILITATION OUTSIDE OF REDEVELOPMENT PROJECT AREAS IS OF BENEFIT TO THE REDEVELOPMENT PROJECT AREAS AND APPROVING CHANGES TO THE HOUSING REHABILITATION AND MOBILEHOME REHABILITATION PROGRAMS**

**WHEREAS**, the City of San José (“City”) has a Housing Rehabilitation Program (“Program”) which has been providing rehabilitation assistance to low-income households throughout San José for over 30 years; this assistance includes grants and loans, which are provided consistent with procedures in the Housing Department’s housing rehabilitation handbook; and

**WHEREAS**, the City now desires to make changes to the Program’s grant and loan products to increase the number of loans it authorizes and reduce the number of grants where the loan repayments will be used to create a revolving loan fund to provide a self-sustaining revenue source for the Program, update the housing rehabilitation handbook to implement these changes, and make the appropriate Program benefit findings; and

**WHEREAS**, the Redevelopment Agency of the City of San José (“Agency”) and the City entered into that certain Agreement dated September 28, 1990 in which the Agency delegated to the City authority to administer the Low and Moderate-Income Housing Funds (“20% Housing Funds”) including the authority to make findings that use of 20% Housing Funds in connection with housing rehabilitation outside of redevelopment project areas is of benefit to the redevelopment project areas; and

**WHEREAS**, to the extent the Program uses 20% Housing Funds for housing rehabilitation outside of a redevelopment project area, this use is a benefit to

redevelopment project areas in that it helps prevent and eliminate blight, revitalizes neighborhoods, and improves and assists in the retention of affordable housing throughout the City; and

**WHEREAS**, the City desires to reduce individual maximum homeowner grants from \$15,000 to \$5,000 for applicants in non-Strong Neighborhood Initiative (“SNI”) areas and to provide that applicants in SNI areas will be eligible for grant amounts ranging from \$5,000 to \$15,000, depending on income levels; and

**WHEREAS**, City desires to raise the limit for its Zero Interest Loan Product from \$15,000 to \$40,000 to provide a mid-level loan product to bridge the gap between the very basic \$15,000 loans and the larger, more comprehensive Housing Preservation loans (“HPP loan”); and

**WHEREAS**, City desires to increase the maximum HPP loan, offered at no interest, from \$100,000 to \$150,000 to address rehabilitation needs for homes that need extensive repair; and

**WHEREAS**, City desires to limit applicants to only one (1) grant funded with 20% Housing Funds, that can be combined with grants funded by external agencies for specific purposes, provided that the total grant amount does not exceed \$25,000 and if funds in excess of \$25,000 are needed to complete rehabilitation work, applicants may apply for additional funds in the form of a loan; and

**WHEREAS**, City desires to implement three new housing rehabilitation products, which are relatively small grants designed to meet specific needs or to be used in conjunction with larger loans, which will include: Minor Repair Grant that maintains direct contact with qualified repair contractors that will allow staff to deploy contractors immediately to eligible households with urgent repair needs; Disabled Access Grant created to ensure that low income seniors and special needs clients continue to receive adequate funding

to address needs such as ramps and grab bars with a recommended grant amount of \$10,000; and Green Incentive Grant created to augment other Program grants and loans with a cap of \$3,500, to fund eligible energy conservation improvements such as insulating homes and replacing aging, inefficient appliances such as water heaters and furnaces with new higher efficiency units; and

**WHEREAS**, Housing is proposing the following changes to the Mobilehome Rehabilitation grant structure: reducing the maximum income levels for grant recipients from 80% of Area Median Income ("AMI") to 50% of AMI, increasing the grant amounts from \$12,000 to \$15,000 for mobilehome rehabilitation, and limiting the maximum amount expended for mobilehome repairs to 25% of the annual Program budget;

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSÉ THAT:

1. The City Council hereby determines, based upon the information contained in the Memorandum from the Director of Housing dated April 15, 2009, that the use of Low and Moderate Income Housing Funds to provide grants and loans for rehabilitation of homes and mobilehomes outside of a redevelopment project area is a benefit to redevelopment project areas in that the use:
  - a. Will help prevent and eliminate blight and improve and assist in the retention of affordable housing throughout the City; and
  - b. Will assist in revitalizing neighborhoods that are near or adjacent to redevelopment areas and will benefit redevelopment project areas because there is a need to encourage and assist housing of all income levels throughout the City.
2. Changes to the existing Housing Rehabilitation Program to encourage greater recapture of funds and focus resources on households in the lowest income categories, as more specifically set forth in the Director of Housing report dated April 15, 2009, are hereby approved.

3. Creation of new loan and grant services including Direct Minor Repair Services for urgent home repairs, disabled Access Grants to improve home access for clients with disabilities, and Green Incentive Grants to provide additional green features that are not mandated by the Housing Department, as more specifically set forth in the Director of Housing report dated April 15, 2009, are hereby approved.
4. Modifications to the Mobilehome Rehabilitation Program that lower the maximum income levels for eligibility for recipients of mobilehome grants, increase individual grant amounts, limit repairs to essential health and safety issues, and place a funding limit on the overall amount of Program funds to be spent on mobilehome repair each year, as more specifically set forth in the Director of Housing report dated April 15, 2009, are hereby approved.

ADOPTED this 12th day of May, 2009, by the following vote:

AYES: CAMPOS, CHU, HERRERA, KALRA, LICCARDO,  
NGUYEN, OLIVERIO, PYLE; REED.

NOES: NONE.

ABSENT: CHIRCO, CONSTANT.

DISQUALIFIED: NONE.

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CHUCK REED  
Mayor

ATTEST:

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LEE PRICE, MMC  
City Clerk